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## Australia

### Agricultural Situation

### Ag Down Under Vol 5

2006

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**Report Highlights:**

- Cyclone Larry may reduce Australian sugar output as much as 5 percent
- Cyclone Larry devastates Australian banana production
- 2006/07 Wheat, barley production forecast to return to more normal levels following second highest crops on record
- Australia free of PMWS
- Fortification of cereal-based beverages allowed
- Farmers' Federation calls for greater ethanol incentives
- Construction to begin on 100,000 liter-capacity ethanol plant

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Canberra [AS1]  
[AS]

### **Cyclone Larry may reduce Australian sugar output as much as 5 percent**

The far North Queensland region of Australia has been hit by category five Cyclone Larry. North Queensland produces sugar and tropical horticultural crops such as bananas. Australian raw sugar production could fall as much as 250,000 MT as both crops and infrastructure have been damaged. Prior to the cyclone, Australian sugar production for 2006/07 was forecast by ABARE at 5,203 MMT, an average sized crop. The area affected by the cyclone (northern region) has historically accounted for up to 20 percent of Australia's refined sugar output, although industry sources suggest that, prior to the cyclone, the region was expected to produce just less than 750,000, or about 14 percent of the national crop. (For further information see GAIN AS6016)

### **Cyclone Larry devastates Australian banana production**

With regard to banana production, press reports indicate more than 200,000 MT of bananas, valued at \$A300 million, have been destroyed, as estimates as high as 90 percent crop losses have been reported. A spokesperson for Biosecurity Australia said Australia will not be relaxing quarantine measures to allow importation of bananas, following reports that Cyclone Larry has destroyed most of the national crop.

### **2006/07 Wheat, barley production forecast to return to more normal levels following second highest crops on record**

Wheat production for 2006/07 is forecast at 24.0 MMT, 1.1 MMT below the 2005/06 crop. Long-range ABARE projections forecast wheat production increasing year-on-year to 27.7 MMT in 2010/11. Barley production for 2006/07 is forecast at 8.9 MMT, down just under 1.0 MMT from the previous year level. Australian sorghum production for 2007/08 is forecast at 1.99 MMT, down slightly from the previous year. Australian rice production for 2007/08 is forecast at 1.1 MMT, up slightly from the previous year due to improved reserves of irrigation water. (For further information see GAIN AS6017)

### **Australia free of PMWS**

Australian veterinary authorities have declared Australia free from the pig disease Post-Weaning Multisystemic Wasting Syndrome (PMWS). The Consultative Committee on Emergency Animal diseases (CCEAD) met in October to consider ongoing disease investigations on pigs in a South Australian property. The conclusions of that consideration have now been made public. Australian Deputy Chief Veterinary Officer Dr. Bob Biddle reported, "CCEAD concluded PMWS does not exist in the pig herd. It agreed that the mortalities on the farm were caused by a range of endemic diseases, triggered by altered management practices." Dr. Biddle said PMWS has not been previously reported in Australia. (Source: Biosecurity Australia News, Issue 21)

### **Fortification of cereal-based beverages allowed**

As part of the ongoing review of Australia's food standards, the Australia New Zealand Food Regulation Ministerial Council recently agreed to permit the addition of selected vitamins and minerals, including calcium, to cereal-based beverages. (For further information see GAIN AS6018)

### **Farmers' Federation calls for greater ethanol incentives**

The National Farmers' Federation (NFF) has called on the federal government to introduce greater incentives for biofuel production and use in Australia. NFF has released a policy

calling for an immediate and indefinite exemption for biofuels from government taxes. Significantly, it proposes that the \$A 0.38 cents/liter effective tariff be removed from imported ethanol over time. The policy also calls for the federal government to provide greater incentives for consumers to have access to flexible-fuel vehicles, a review of the 10 percent cap on ethanol blends in gasoline, and an analysis of biofuel use in Australia, particularly on why there is low take up of biofuels. (Source: The Weekly Times, March 22, 2006)

### Construction to begin on 100,000 liter-capacity ethanol plant

The fledgling Australian ethanol industry received a show of faith with the news that Australian Ethanol will go ahead with plans for a \$A 60 million plant at Swan Hill, Victoria. Construction begins in April on the plant, which will consume 300,000 tons of wheat, sorghum and barely to create an estimated 100,000 liters of fuel annually. Australian Ethanol expects the plant to be up and running by the end of next year. It will sell the ethanol to be blended with petrol. Upon news of the plant, shares of Australian Ethanol rose 25 percent in one day. Ethanol will not be the only income stream to come from the plant, according to Australian Ethanol who reports it already has contracts in place with feed end-users to take the high-nutrition distillers' grain left over at the end of the ethanol-making process. (SOURCE: National grain industry news, Rural Press.)

Report Number	Title of Report	Date
6004	Livestock Semi Annual	02/08/06
6005	Fine Food 2006 Trade Show – Australia	01/27/06
6006	Ag DownUnder Vol. 2	01/27/06
6007	Comment Period for Proposed Health Claims Standard Extended	02/06/06
6008	Tree Nuts Annual	02/09/06
6009	Ag DownUnder Vol. 3	02/15/06
6010	Cotton Quarterly Update	02/24/06
6011	Comment Sought on Feasibility of Extending Country of Origin Lab	02/28/06
6012	Biosecurity Australia begins Assessment of US Stone Fruit for Import	03/08/06
6013	The Corish Report: "Creating Our Future: Ag & Food Policy for the Next Generation"	03/08/06
6014	New Guide Available for Country of Origin Labeling Standard	03/09/06
6015	AgDownUnder Vol. 4	03/10/06
6016	Cyclone Larry Affects Sugar Industry	03/21/06
6017	Grain Annual	03/21/06
6018	Fortification of Cereal-Based Beverages	03/22/06